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OFFICE OF PERSONNEL MANAGEMENT

Proposed Laboratory Personnel Management Demonstration Project;
Department of the Army, U.S. Army Materiel Command, Simulation,
Training and Instrumentation Command (STRICOM) Orlando, Florida.

AGENCY: Office of Personnel Management (OPM).

ACTION: Notice of Intent to Implement Demonstration Project.

SUMMARY:

Title VI of the Civil Service Reform Act, 5 U.S.C. 4703, authorizes
OPM to conduct demonstration projects that experiment with new and
different personnel management concepts to determine whether such
change in personnel policy or procedures would result in improved
Federal personnel management.

Public Law 103-337, October 5, 1994, permits the Department of
Defense (DoD), with the approval of the OPM, to carry out personnel
demonstration projects generally similar in nature to the China
Lake demonstration project at DoD Science and Technology (S&T)
Reinvention Laboratory sites. This proposal is for STRICOM.

1 DATES:

2 To be considered, written comments must be submitted on or
3 before (insert the later date of 60 days after date of publication
4 in the FEDERAL REGISTER or 14 days after the last public hearing);
5 a public hearing will be scheduled as follows: (Insert date 30
6 days after date of publication in FEDERAL REGISTER), 10:00 a.m. in
7 Orlando, Florida. At the time of the hearings, interested persons
8 or organizations may present their written or oral comments on the
9 proposed demonstration project. The hearing will be informal.

10 Anyone wishing to testify should contact the person listed
11 under "FOR FURTHER INFORMATION CONTACT," and state the hearing
12 location, so that OPM can plan the hearings and provide sufficient
13 time for all interested persons and organizations to be heard.
14 Priority will be given to those on the schedule, with others
15 speaking in any remaining available time. Each speaker's
16 presentation will be limited to ten minutes. Written comments may
17 be submitted to supplement oral testimony during the public comment
18 period.

19 ADDRESSES:

20 Comments may be mailed to Fidelma A. Donahue, U.S. Office of
21 Personnel Management, 1900 E Street, NW, room 7460, Washington, DC
22 20415; public hearing will be held at Orlando, Florida (Insert
23 Name and Address of Meeting Location).

1 FOR FURTHER INFORMATION CONTACT:

2 (1) On proposed demonstration project: Ms. Nancy Spurlin,
3 U.S. Army Simulation, Training and Instrumentation Command, ATTN:
4 AMSTI-RP, 12350 Research Parkway, Orlando, Florida 32826-3276, 407-
5 384-5304; (2) On proposed demonstration project and public
6 hearing: Fidelma A., Donahue, U.S. Office of Personnel Management,
7 1900 E Street, NW, Room 7460, Washington, DC 20415, 202-606-1138.

8
9 SUPPLEMENTARY INFORMATION:

10 Since 1966, many studies of Department of Defense (DoD)
11 laboratories have been conducted on laboratory quality and
12 personnel. Almost all of these studies have recommended
13 improvements in civilian personnel policy, organization and
14 management. The proposed project involves simplified job
15 classification, paybanding, streamlined hiring processes,
16 pay-for-performance management system, expanded developmental
17 opportunity, and modified Reduction-In-Force (RIF) procedures.

18 Dated: (Insert Date Ms. Lachance signs Document)

19 OFFICE OF PERSONNEL MANAGEMENT

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24 Janice R. Lachance, Director

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1 I. Executive Summary

2 This project was designed by the Department of the Army, with
3 participation of and review by the Department of Defense (DoD) and
4 the Office of Personnel Management (OPM). The purpose of the
5 project is to achieve the best workforce for the STRICOM mission,
6 adjust the workforce for change and improve workforce quality.

7 The foundations of this project are based on the concept of
8 linking performance to pay for all covered positions; simplifying
9 paperwork and the processing of classification and other personnel
10 actions; emphasizing partnerships between management and employees,
11 and delegating classification and other authorities to line
12 managers. Additionally, the research intellect of the STRICOM
13 workforce will be revitalized through the use of expanded
14 opportunities for employee development. These opportunities will
15 reinvigorate the creative intellect of the research and development
16 community.

17 Development and execution of this project will be in-house
18 budget neutral, based on a baseline of September 1997 in-house
19 costs and consistent with the Department of the Army (DA) plans to
20 downsize laboratories. Army managers at the DoD S&T Reinvention
21 Laboratory sites will manage and control their personnel costs to
22 remain within established in-house budgets. An in-house budget is
23 a compilation of costs of the many diverse components required to
24 fund the day-to-day operations of a laboratory. These components

1 generally include pay of people (labor, benefits, overtime,
2 awards), training, travel, supplies, non-capital equipment, and
3 other costs depending on the specific function of the activity.

4 This project will be under the joint sponsorship of the
5 Assistant Secretary of the Army for Research, Development and
6 Acquisition and the Assistant Secretary of the Army for Manpower
7 and Reserve Affairs. The Deputy to the Commander, STRICOM will
8 execute and manage the project. Project oversight within STRICOM
9 will be achieved by an executive steering committee made up of
10 top-level executives. Oversight external to the Army will be
11 provided by the Department of Defense and the Office of Personnel
12 Management.

13 II. Introduction

14 A. Purpose

15 The purpose of the project is to demonstrate that the
16 effectiveness of Department of Defense (DoD) laboratories can be
17 enhanced by allowing greater managerial control over personnel
18 functions and, at the same time, expanding the opportunities
19 available to employees through a more responsive and flexible
20 personnel system. The quality of DoD laboratories, their people,
21 and products has been under intense scrutiny in recent years. This
22 perceived deterioration of quality is due, in substantial part, to
23 the erosion of control which line managers have over their human
24 resources. This demonstration, in its entirety, attempts to

1 provide managers, at the lowest practical level, the authority,
2 control, and flexibility needed to achieve quality laboratories and
3 quality products.

4 B. Problems with the Present System

5 STRICOM products contribute to the readiness of U.S. forces
6 and to the stability of the American economy. To do this, STRICOM
7 must acquire and retain an enthusiastic, innovative, highly
8 educated and trained workforce, particularly scientists and
9 engineers. STRICOM must be able to compete with the private sector
10 for the best talent and be able to make job offers in a timely
11 manner with the attendant bonuses and incentives to attract high
12 quality employees. Today, private industry can make an offer of
13 employment to a promising new hire before the government can
14 prepare the paperwork necessary to begin the recruitment process.

15 Currently, jobs are described using a cumbersome
16 classification system that is overly complex and specialized. This
17 hampers a manager's ability to shape the workforce and match the
18 positions while making best use of employees. Managers must be
19 given local control of positions and their classification to move
20 both their employees and vacancies within their organization to
21 other lines of the business activities to match the life cycle
22 needs of supported customers.

23 These issues work together to hamper supervisors in all areas
24 of human resource management. Hiring restrictions and overly

1 complex job classifications, coupled with poor tools for rewarding
2 and motivating employees and a system that does not assist managers
3 in removing poor performers builds stagnation in the workforce and
4 wastes valuable time.

5 C. Changes Required/Expected Benefits

6 This project is expected to demonstrate that a human resource
7 system tailored to the mission and need of STRICOM will result in:
8 (a) increased quality in the total workforce and the products they
9 produce; (b) increased timeliness of key personnel processes; (c)
10 increased retention of high quality employees and separation rates
11 of poor quality employees; and (d) increased customer satisfaction
12 with STRICOM and its products by all customers it serves.

13 STRICOM demonstration project builds on the successful features of
14 demonstration projects at China Lake and the National Institute of
15 Standards and Technology (NIST). These demonstration projects have
16 produced impressive statistics on the job satisfaction for their
17 employees versus that for the federal workforce in general.
18 Therefore, in addition to expected benefits mentioned above,
19 STRICOM demonstration expects to find more satisfied employees on
20 many aspects of the demonstration including pay equity,
21 classification decisions, and career development opportunities. A
22 full range of measures will be collected during project evaluation
23 (Section VII).

1 D. Participating Organization

2 STRICOM has approximately 500 employees covered by the
3 project. Approximately 99 percent of the employees are located at
4 Orlando, Florida, with the remaining located at Ft Polk, LA; Ft.
5 Irwin, CA; Ft. Hood, TX; Huntsville, AL; and Hohenfels, GE.

6 E. Participating Employees

7 The demonstration project includes civilian appropriated
8 funded employees in the competitive and excepted service paid under
9 the General Schedule (GS) Pay Systems. Senior Executive Service
10 employees, will not be covered in the demonstration project.
11 Additionally, DA interns will not be converted to the demonstration
12 until they complete their intern program. Personnel added to the
13 laboratory in like positions covered by the demonstration (either
14 through appointment, promotion, reassignment, change to a lower
15 grade or where their functions and positions have been transferred
16 into the command) will be converted to the demonstration project.

17 F. Project Design

18 An Integrated Process Team approach was used at STRICOM to
19 develop the attributes of this personnel demonstration proposal.

20 This personnel system design has been subjected to critical
21 reviews by Subject Matter Experts within STRICOM.

22 The design was preceded by an exhaustive study of paybanding
23 systems currently practiced in the Federal sector. Later design
24 generations have evolved from critical reviews by headquarters

1 elements of the Department of the Army, Department of Defense, and
2 the Office of Personnel Management. Additionally, consultation was
3 provided by the designers of the paybanding systems practiced by
4 the Navy China Lake experiment, the National Institute of Standards
5 and Technology, AMCOM.

6 G. Personnel Management Board

7 STRICOM intends to establish an appropriate balance between
8 the personnel management authority and accountability of
9 supervisors and of the oversight responsibilities of a Personnel
10 Management Board (PMB). The Deputy to the Commander will delegate
11 management and oversight of the project at STRICOM to a Personnel
12 Management Board whose members, Chairperson, and staff will be
13 appointed by the Deputy to the Commander. The PMB will be tasked
14 with the following:

- 15 1. Overseeing the civilian pay budget,
- 16 2. Determining the composition of the pay-for-performance
17 pay pools in accordance with the guidelines of this proposal and
18 internal procedures,
- 19 3. Administering funds allocation to pay pool managers,
- 20 4. Reviewing operation of STRICOM pay pools,
- 21 5. Reviewing hiring and promotion salaries as well as
22 exceptions to pay-for-performance salary increases,
- 23 6. Providing guidance to pay pool managers,
- 24 7. Monitoring award pool distribution by organization or

1 any other special categorization,

2 8. Selecting participants for the Expanded Developmental
3 Opportunity Program, long term training, and any special
4 developmental assignments,

5 9. Managing promotions to stay within "high grade"
6 controls,

7 10. Addressing in-house budget neutrality issues to
8 include tracking of average salaries,

9 11. Assessing the need for changes to demonstration
10 procedures and policies.

11 III. Personnel System Changes

12 A. Paybanding

13 Occupational Families

14 Occupations at STRICOM will be grouped into occupational
15 families. Occupations will be grouped according to similarities in
16 type of work, customary requirements for formal training or
17 credentials, and in consideration of the business practices at
18 STRICOM. The common patterns of advancement within the occupations
19 as practiced at DoD Laboratories and in the private sector will
20 also be considered. The current occupations and grades have been
21 examined, and their characteristics and distribution have served as
22 guidelines in the development of the five occupational families
23 described below:

1 1. Engineers and Scientists (E&S). This occupational
2 family includes all technical professional positions, such as
3 engineers, operations research analysts, mathematicians, and
4 computer scientists. Predominantly, specific course work or
5 educational degrees are required for these occupations.

6 2. Acquisition Management. This occupational family
7 includes positions which are directly responsible for the
8 acquisition mission, such as project managers, product managers,
9 and project directors.

10 3. Acquisition Support. This occupational family
11 contains positions that directly support the E&S mission and
12 acquisition. It includes specialized functions in such fields as
13 logistics management specialists, contract specialist, quality
14 assurance, and engineering technicians. Employees in these jobs
15 may or may not require college course work. However, training and
16 skills in the various logistics, contracts, and specialized
17 functions are generally required.

18 4. Business Management. This occupational family
19 contains specialized functions in such fields as finance, human
20 resource management, public affairs, accounting, budget and
21 management analysis. Analytical ability and specialized knowledge
22 in the various fields or special degrees are required.

23 5. General Support. This occupational family is
24 composed of positions for which minimal formal education is needed,

1 but for which special skills, such as office automation, are
2 usually required. Clerical work usually involves the processing
3 and maintenance of records. Assistant work requires knowledge of
4 methods and procedures within a specific administrative area.
5 Other support functions include the work of secretaries, security
6 and mail personnel.

7 Paybands

8 Each occupational family will be composed of discrete paybands
9 (levels) corresponding to recognized advancement within the
10 occupations. These paybands will replace grades. They will not be
11 the same for all occupational families. Each occupational family
12 will be divided into three to six paybands; each payband covering
13 the same pay range now covered by one or more grades. A salary
14 overlap, similar to the current overlap between GS grades, will be
15 maintained.

16 Ordinarily an individual will be hired at the lowest salary in
17 a payband. Exceptional qualifications, specific organizational
18 requirements, or other compelling reasons may lead to a higher
19 entrance level within a band.

20 The proposed paybands for the occupational families and how
21 they relate to the current GS grades are shown in Figure 1.
22 Application of the Fair Labor Standards Act (FLSA) within each
23 payband is also shown in Figure 1. This payband concept has the
24 following advantages:

1 1. It reduces the number of classification decisions
2 required during an employee's career.

3 2. It simplifies the classification decision-making
4 process and paperwork. A payband covers a larger scope of work
5 than a grade, and thus will be defined in shorter and simpler
6 language.

7 3. It supports delegation of classification authority to
8 line managers.

9 4. It provides a broader range of performance-related
10 pay for each level. In many cases, employees whose pay would have
11 been frozen at the top step of a grade will now have more potential
12 for upward movement in the broader payband.

13 5. It prevents the progression of low performers through
14 a payband by mere longevity, since job performance serves as the
15 basis for determining pay.

16 The STRICOM paybanding plan expands the paybanding
17 concept used at China Lake and NIST by creating Payband V of the
18 Engineers and Scientists occupational family. This payband is
19 designed for Senior Scientific Technical Managers.

20 Current legal definitions of Senior Executive Service
21 (SES) and Scientific and Professional (ST) positions do not fully
22 meet the needs of STRICOM. The SES designation is appropriate for
23 executive level managerial positions whose classification exceeds
24 the GS-15 grade level. The primary knowledges and abilities of SES

1 positions relate to supervisory and managerial responsibilities.
2 Positions classified as ST are reserved for bench research
3 scientists and engineers; these positions require a very high level
4 of technical expertise and they have little or no supervisory
5 responsibility.

6 STRICOM currently has four board selected project manager
7 positions, filled by 06 level military personnel. In the future,
8 these four board selected project manager positions may be filled
9 by civilians. These project managers have characteristics of both
10 SES and ST classifications. Most project managers in STRICOM are
11 responsible for supervising other GS-15 positions, including
12 function chiefs and non-supervisory engineers and scientists and
13 their technical expertise warrants classification beyond GS-15.
14 Because of their management responsibilities these individuals are
15 excluded from the ST system. Because of management considerations,
16 they cannot be placed in the SES. Management considers the
17 primary requirement for project managers to have knowledge of, and
18 expertise in, the specific scientific and technology areas related
19 to the mission of their Project Management Offices. Historically
20 incumbents of these positions have been recognized within the
21 community as scientific and engineering leaders, who possess
22 primarily scientific/engineering credentials and are considered
23 experts in their field. However, they must also possess strong
24 managerial and supervisory abilities. Therefore, although some of

1 these employees have scientific credentials that might compare
2 favorably with ST criteria, classification of these positions as
3 STs is not an option, because the managerial and supervisory
4 responsibilities inherent in the positions cannot be ignored.

5 The purpose of Payband V (which will reinforce the equal
6 pay for equal work principle) is to solve a critical classification
7 problem. It will also contribute to an SES "corporate culture" by
8 excluding from the SES positions for which technical expertise is
9 paramount. Payband V proposes to overcome the difficulties
10 identified above by creating a new category of positions, the
11 Senior Scientific Technical Manager which has both
12 scientific/technical expertise and full managerial supervisory
13 authority.

14 Current GS-15 project managers will convert into the
15 demonstration project at Payband IV. After conversion they will be
16 reviewed against established criteria to determine if they should
17 be reclassified to Payband V. Other positions possibly meeting
18 criteria for classification to Payband V will be reviewed on a case
19 by case basis. The proposed salary range is a minimum of 120% of
20 the minimum rate of basic pay for GS-15 with a maximum rate of
21 basic pay established at the rate of basic pay (excluding locality
22 pay) for SES level 4 (ES-4). Vacant positions in Payband V will be
23 competitively filled to ensure that selectees are technical leaders
24 in the specialty fields who also possess substantial managerial and

1 supervisory abilities. STRICOM will capitalize on the efficiencies
2 that can accrue from central recruiting by continuing to use the
3 expertise of SARDA (Secretary of the Army for Research, Development
4 and Acquisition).

5 DOD will test the establishment of Payband V for a five-
6 year period. Positions established in Payband V will be subject to
7 limitations imposed by OPM and DOD. Payband V positions will be
8 established only in an S&T Reinvention Laboratory which employs
9 scientists, engineers, or both. Incumbents of Payband V positions
10 will work primarily in their professional capacity on basic or
11 applied research and secondarily perform managerial or supervisory
12 duties. The number of Payband V positions within the Department of
13 Defense will not exceed 40. These 40 positions will be allocated
14 by ASD (FMP), DOD, and administered by the respective Services.
15 The number of Payband V positions will be reviewed periodically to
16 determine appropriate position requirements. Payband V position
17 allocations will be managed separately from SES, ST, and SL
18 positions. An evaluation of the Payband V concept will be
19 performed during the fifth year of the demonstration project.

20 The final component of Payband V is the management of all
21 Payband V assets. Specifically, this authority will be exercised
22 at the DA level, and includes the following: authority to classify,
23 create, or abolish positions within the limitations imposed by OPM
24 and DOD; recruit and reassign employees in this payband; set pay

and to have their performance appraised under this project's Pay for Performance System. The Command wants to demonstrate increased effectiveness by gaining greater managerial control and authority, consistent with merit, affirmative action, and equal employment opportunity principles.

Figure 1. Pay Bands and Occupational Families

| Occupational Families | BANDS | | | | | | | | | | | | | | | |
|-----------------------------|-------|---|---|---|----|---|-----|---|----|----|-----|-----|----|----|----|-------------|
| Corresponding GS Grades | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | Above GS-15 |
| Engineers & Scientists (DE) | I | | | | II | | | | | | | III | | IV | | V |
| | N | | | | * | | | | | | | E | | E | | E |
| Acquisition Management (DM) | I | | | | II | | | | | | | III | | IV | | |
| | N | | | | * | | | | | | | E | | E | | |
| Acquisition Support (DS) | I | | | | II | | | | | | | III | | IV | | |
| | N | | | | * | | | | | | | E | | E | | |
| Business Management (DB) | I | | | | II | | | | | | III | | IV | | V | |
| | N | | | | * | | | | | | E | | E | | E | |
| General Support (DG) | I | | | | II | | III | | IV | | | | | | | |
| | N | | | | N | | * | | * | | | | | | | |

FLSA CODES: N - Nonexempt

E - Exempt

* - Nonexempt or Exempt

1 Note: Although typical exemption status under the various paybands
2 is shown in the above table, actual FLSA exemption determinations
3 are made on a case-by-case basis.

5 Fair Labor Standards Act

6 Fair Labor Standards Act (FLSA) exemption and nonexemption
7 determinations will be made consistent with criteria found in 5 CFR
8 Part 551. There are five paybands (see Figure 1) where employees
9 can be either exempt or nonexempt from overtime provisions. For
10 these five paybands, supervisors with classification authorities
11 will make the determinations on a case-by-case basis by comparing
12 the duties and responsibilities assigned, the classification
13 standards for each payband, and the 5 CFR Part 551 FLSA criteria.
14 Additionally, the advice and assistance of the Human Resource
15 Management Division (HRMD) will be obtained in making
16 determinations as part of the performance review process. The
17 benchmark position descriptions will not be the sole basis for the
18 determination. Basis for exemption will be documented and attached
19 to each description. Exemption criteria will be narrowly construed
20 and applied only to those employees who clearly meet the spirit of
21 the exemption. Changes will be documented and provided to the
22 HRMD, as appropriate.

23 Simplified Assignment Process

24 Today's environment of downsizing and workforce transition
25 mandates that STRICOM have increased flexibility to assign

1 individuals. Paybanding can be used to address this need. As a
2 result of the assignment to a particular level descriptor, the
3 organization will have increased flexibility to assign an employee,
4 without pay change, within broad descriptions consistent with the
5 needs of the organization, and the individual's qualifications and
6 rank or level. Subsequent assignments to projects, tasks, or
7 functions anywhere within the organization requiring the same level
8 and area of expertise, and qualifications would not constitute an
9 assignment outside the scope or coverage of the current level
10 descriptor.

11 Such assignments within the coverage of the generic
12 descriptors are accomplished without the need to process a
13 personnel action. For instance, a technical expert can be assigned
14 to any project, task, or function requiring similar technical
15 expertise. Likewise, a manager could be assigned to manage any
16 similar function or organization consistent with that individual's
17 qualifications. This flexibility allows a broader latitude in
18 assignments and further streamlines the administrative process and
19 system.

20 Promotion

21 A promotion is a move of an employee to (1) a higher payband
22 in the same occupational family or (2) a payband in another
23 occupational family in combination with an increase in the
24 employee's salary. Positions with known promotion potential to a

1 specific band within an occupational family will be identified when
2 they are filled. Not all positions in an occupational family will
3 have promotion potential to the same band. Movement from one
4 occupational family to another will depend upon individual
5 knowledge, skills, and abilities, and needs of the organization.
6 Promotions will be processed under competitive procedures in
7 accordance with merit principles and requirements and the local
8 merit promotion plan. The following actions are excepted from
9 competitive procedures:

10 (a) Re-promotion to a position which is in the same
11 payband and occupational family as the employee previously held on
12 a permanent basis within the competitive service.

13 (b) Promotion, reassignment, demotion, transfer or
14 reinstatement to a position having promotion potential no greater
15 than the potential of a position an employee currently holds or
16 previously held on a permanent basis in the competitive service.

17 (c) A position change permitted by reduction in force
18 procedures.

19 (d) Promotion without current competition when the
20 employee was appointed through competitive procedures to a position
21 with a documented career ladder.

22 (e) A temporary promotion, or detail to a position in a
23 higher payband, of 180 days or less.

24 (f) Reclassification to include impact of person on-the-

1 job promotions.

2 (g) A promotion resulting from the correction of an
3 initial classification error or the issuance of a new
4 classification standard.

5 (h) Consideration of a candidate not given proper
6 consideration in a competitive promotion action.

7 (i) Impact of person on the job and Factor IV process
8 (application of the Research Grade Evaluation Guide, Equipment
9 Development Grade Evaluation Guide, Part III, or similar guides)
10 promotions.

11 Link Between Promotion and Performance

12 Career ladder promotions and promotions resulting from the
13 addition of duties and responsibilities are examples of promotions
14 that can be made noncompetitively. Promotions can be made
15 noncompetitively when contributions and achievements are such that
16 a higher payband is achieved when comparing the overall position to
17 the applicable classification standards. To be promoted
18 noncompetitively from one band to the next, an employee must meet
19 the minimum qualifications for the job and have a current
20 performance rating of B or better (see Performance Evaluation) or
21 equivalent under a different performance management system.
22 Selection of employees through competitive procedures will require
23 a current performance rating of B or better.

24 B. Pay-for-Performance Management System

Performance Evaluation

Introduction

The performance evaluation system will link compensation to performance through annual performance appraisals and performance scores. The performance evaluation system will allow optional use of peer evaluation and/or input from subordinates as determined appropriate by the Personnel Management Board. The system will have the flexibility to be modified, if necessary, as more experience is gained under the project.

Performance Objectives

Performance objectives are statements of job responsibilities based on the work unit's mission, goals and supplemental benchmark position descriptions. Employees and supervisors will jointly develop performance objectives which will reflect the types of duties and responsibilities expected at the respective pay level. Performance objectives deal with outputs and outcomes of a particular job. The performance objectives, representing joint efforts of employees and their rating chains, should be in place within 30 days from the beginning of each rating period.

Performance Elements

Performance elements are generic attributes of job performance, such as technical competence, that an employee exhibits in performing job responsibilities and associated performance objectives. New performance elements and rating forms

1 will be designed to implement a new scoring and rating system. The
2 new performance evaluation system will be based on critical and
3 non-critical performance elements defined in Appendix C. Each
4 performance element is assigned a weight between a specified range.
5 The total weight of all elements in a performance plan is 100
6 points. The supervisor assigns each element some portion of the
7 100 points in accordance with its importance for mission
8 attainment. As a general rule, essentially identical positions
9 will have the same critical elements and the same weight. These
10 weights will be developed along with employee performance
11 objectives.

12 Mid-Year Review

13 A mid-year review between a supervisor and employee will be
14 held to determine whether objectives are being met and whether
15 ratings on performance elements are above an unsatisfactory level.
16 Performance objectives should be modified as necessary to reflect
17 changes in planning, workload, and resource allocation. The
18 weights assigned to performance elements may be changed if
19 necessary. Additional reviews may be held as deemed necessary by
20 the supervisor or requested by the employee. The supervisor will
21 provide periodic feedback to the employee on their level of
22 performance. If the supervisor determines that the employee is not
23 performing at an acceptable level on one or more elements, the
24 supervisor must alert the employee and document the problem(s).

1 This feedback will be provided at any time during the rating cycle.

2 Performance Appraisal

3 A performance appraisal will be scheduled for the final weeks
4 of the annual performance cycle, although an individual performance
5 appraisal may be conducted at any time after the minimum appraisal
6 period of 120 days is met. The performance appraisal process
7 brings supervisors and employees together for formal discussions on
8 performance and results in (1) written appraisals, (2) performance
9 ratings, (3) performance scores, and (4) other individual
10 performance-related actions as appropriate. A performance
11 appraisal shall consist of two meetings held between employee and
12 supervisor: the performance review meeting and the evaluation
13 feedback meeting.

14 Performance Review Meeting Between Employee and Supervisor

15 The review meeting is to discuss job performance and
16 accomplishments. Supervisors will not assign performance scores or
17 performance ratings at this meeting. The supervisor notifies the
18 employee of the review meeting in time to allow the employee to
19 prepare a list of accomplishments. Employees will be given an
20 opportunity at the meeting to give a personal performance
21 assessment and describe accomplishments. The supervisor and
22 employee will discuss job performance and accomplishments in
23 relation to the performance elements, objectives, and planned
24 activities established in the performance plan.

1 Evaluation Feedback Meeting Between Employee and Supervisor

2 In this second meeting between employee and supervisor, the
3 supervisor informs the employee of management's appraisal of the
4 employee's performance on performance objectives, and the
5 employee's performance score and rating on performance elements.
6 During this second meeting, the supervisor and employee will
7 discuss and document performance objectives for the next rating
8 period.

9 Performance Scores

10 The overall score is the sum of individual performance
11 element scores. Employees will receive an academic-type rating of
12 A, B, C, or U depending upon the score attained. These summary
13 ratings are representative of pattern E (a 4 level system) in
14 summary level chart in 5 CFR 430.208(d)(1). This rating will
15 become the rating of record, and only those employees rated C or
16 higher will receive general increases, performance pay increases
17 (i.e., basic pay increases), and/or performance bonuses. A rating
18 of A will be assigned for scores from 85 to 100 points, B for
19 scores from 70 to 84, C for scores from 50 to 69, and U for scores
20 from 0 to 49 or a failure to achieve at the 50% level of any
21 critical element. The academic-type ratings will be used to
22 determine performance payouts and to award additional RIF retention
23 years as follows:

24 Rating Compensation RIF retention yrs added

| | | | |
|---|---|------------------|----|
| 1 | A | 6-10 shares + c* | 10 |
| 2 | B | 3-5 shares + c | 7 |
| 3 | C | 0-2 shares + c | 3 |
| 4 | U | 0 shares + c | 0 |

5 *c = GS General Increase (Title 5, Section 5303)

6 Performance-Based Actions

7 STRICOM will implement a process to deal with poor performers.
8 This process may lead to involuntary separations, with grievance or
9 appeal rights. The process may start at any time during the rating
10 period that the supervisor identifies a deficiency(ies) which could
11 cause the level of performance to be below that of a summary level
12 C rating, i.e., unsatisfactory performance.

13 When the employee's performance is determined to be
14 unsatisfactory at the close of the annual rating period, the
15 Unsatisfactory (U) rating will become the rating of record for all
16 matters relating to pay or Reduction-in-Force (RIF).

17 There are two processes to deal with poor performers:

18 1. Change in Assignment - Because it is recognized that
19 employees may be assigned to a position for which they are not
20 suited, an attempt will be made to place poor performers in a
21 position better suited to their skills and capabilities. The offer
22 of change in assignment will be contingent upon the employee's
23 concurrence and will be either within the same band or in the next
24 lower payband. If reassigned, the employee will receive written

1 notification that they will be given a reasonable opportunity
2 period of no less than 90 calendar days in length, to demonstrate
3 performance at a level that is at least equal to that of a summary
4 level C rating. The period of time considered to be reasonable
5 will be determined, in part, by whether the employee's reassignment
6 is to a substantially similar or the same position under a
7 different supervisor, or in a different office, or in a
8 substantially different position. Essential training and mentoring
9 will be provided as appropriate during this opportunity period.
10 Failure to achieve a level of performance that is at least equal to
11 that of a summary level C rating (following the above-referenced
12 opportunity period) will place the employees in Step 3 of this
13 process. There will be no further opportunity period.

14 2. Performance Improvement Plan (PIP) - If the employee
15 does not accept an offer of change in assignment, or if there is no
16 appropriate, available position to assign an employee, the
17 supervisor will develop a PIP that will be monitored for a
18 reasonable period of time (no less than 90 calendar days). When an
19 employee is placed in a PIP, the employee will be informed in
20 writing, that unless their level of performance improves to, and is
21 sustained at a level at least equal to that of a summary level C
22 rating, the employee may be removed from the position (change in
23 assignment, reduction in pay, or removal from the Federal service).

24 If, during or at the conclusion of the PIP, the employee's

1 level of performance improves to a level at least equal to that of
2 a summary level C rating and is again determined to deteriorate in
3 any area during one year from the beginning of the PIP, STRICOM
4 may initiate action to remove the employee from the position with
5 no additional opportunity to improve. An employee whose level of
6 performance improves to a level at least equal to that of a summary
7 level C rating for one year from the beginning of the PIP, and then
8 deteriorates again, in any area, during succeeding rating periods,
9 will be placed in a second PIP before initiating action to remove
10 the employee from the position.

11 If and when performance improves during the period in which
12 the employee is otherwise ineligible for the general increase, then
13 the general increase shall be restored. Such restoration is not
14 retroactive and is separate and apart from incentive pay.

15 3. Removal - If the employee fails to demonstrate a
16 level of performance at least equal to that of a summary level C
17 rating after completing either Step 1 or Step 2, the employee will
18 be given a written notice of proposed removal from the position.
19 The notice period will be a minimum of 30 calendar days and the
20 employee will have a reasonable period of time in which to reply.
21 The employee will be given a written notice of decision to include
22 all applicable grievance and appeal rights.

23 NOTE: Performance-based adverse actions may be taken under 5
24 U.S.C., Chapter 75, rather than Chapter 43.

1 A decision to remove an employee for poor performance may be
2 based only on those instances of poor performance that occurred
3 during the opportunity period (Step 1) or during the one-year
4 period ending on the date of proposed removal (Step 2). The notice
5 of decision will specify the instances of poor performance on which
6 the action is based and will be given to the employee at or before
7 the time the action will be effective.

8 STRICOM will preserve all relevant documentation concerning an
9 action taken for poor performance and make it available to review
10 by the affected employee or designated representative. At a
11 minimum, the record will consist of a copy of the notice of
12 proposed action; the employee's written reply, if provided, or a
13 summary if the employee makes an oral reply. Additionally, the
14 record will contain the written notice of decision and the reasons
15 therefore, along with any supporting material including
16 documentation regarding the opportunity afforded the employee to
17 demonstrate improved performance. An employee who sustains their
18 performance at a level at least equal to a summary level C rating
19 for one year, will have all relevant documentation removed from
20 their record.

21 Employee Relations

22 Employees covered by the project will be evaluated under a
23 performance evaluation system that affords grievance or appeal
24 rights comparable to those provided currently. STRICOM will

1 develop streamlined, fair, and timely processes and penalties for
2 taking action for misconduct and poor performance or apply
3 processes already authorized.

4 Senior Executive Service

5 Members of the SES will remain under the current SES
6 performance appraisal system.

7 Awards

8 STRICOM currently has an extensive awards program consisting
9 of both internal and external awards. On-the-spot, special act
10 (which are both performance related and nonperformance related),
11 and other internal awards (both monetary and nonmonetary) will
12 continue under the project, and may be modified or expanded as
13 appropriate. MACOM, DA, and DoD awards and other honorary noncash
14 awards will be retained.

15 STRICOM's Deputy to the Commander will have the authority to
16 grant awards to covered employees of up to \$7,500 for a special
17 act. The scale of the award will be determined using criteria in
18 AR 672-20.

19 Members of the SES will remain under their current awards
20 system and will not participate in the project performance
21 recognition bonus awards program.

22 Pay Administration

23 Introduction

24 The objective is to establish a pay system that will improve

1 the ability of STRICOM to attract and retain quality employees.
2 The new system will be a pay-for-performance system and, when
3 implemented, will result in a redistribution of pay resources based
4 upon individual performance.

5 Pay-for-Performance

6 STRICOM will use a simplified performance appraisal system
7 that will permit both the supervisor and the employee to focus on
8 quality of the work. The proposed system will permit the
9 manager/supervisor to base incentive pay increases entirely on
10 performance or value added to the goals of the organization. This
11 system will allow managers to withhold pay increases from
12 nonperformers, thereby giving the nonperformer the incentive to
13 improve performance or leave government service. For example,
14 employees with ratings of U will receive no performance pay
15 increase, general increase, or performance bonus. This action may
16 result in the employee's pay falling below the minimum rate of
17 their current payband because the minimum rate is increased by the
18 general increase (5 U.S.C. 5303). Under these transitory
19 conditions, the employee's payband designator will remain the same.
20 Since there is no reduction in band level or pay, there is no
21 adverse action.

22 Pay for performance has two components: performance pay
23 increases and/or performance bonuses. All covered employees will
24 be given the full amount of locality pay adjustments when they

1 occur regardless of performance. The funding for performance pay
2 increases and/or performance bonuses is composed of money
3 previously available for within-grade increases, quality step
4 increases, promotions from one grade to another where both grades
5 are now in the same payband, and for some performance awards.
6 Additionally, funds will be obtained from performance pay increases
7 withheld for poor performance (see Performance Evaluation).

8 Performance Pay Pool

9 The performance pay pool is composed of a base pay fund and a
10 bonus pay fund. The payouts made to employees from the performance
11 pay pool will be a mix of base pay increases and bonus payments,
12 subject to the amounts available in the respective funds. The
13 funding for the base pay fund is composed of money previously
14 available for within-grade increases, quality step increases, and
15 promotions between grades that are banded under the demonstration
16 project. The bonus pay fund is separately funded within the
17 constraints of the organization's overall performance award budget.
18 Some portion of the performance award budget will be reserved for
19 special ad hoc awards -- e.g., suggestion awards or special act
20 awards -- and will not be included as part of the performance pay
21 pool.

22 The STRICOM Budget Office, and supporting personnelists, will
23 calculate the total performance pay pool funds and allocate pay
24 pools to PM, Directorate, Command Group and Deputy to the Commander

1 rating group as appropriate.

2 Performance Pay Increases and/or Performance Bonuses

3 A pay pool manager is accountable for staying within pay pool
4 limits. The pay pool manager assigns performance pay increases
5 and/or performance bonuses to individuals on the basis of an
6 academic-type rating, the value of the performance pay pool
7 resources available, and the individual's current basic rate of pay
8 within a given payband. A pay pool manager may request approval
9 from the Personnel Management Board (PMB) or its designee to grant
10 a performance pay increase to an employee that is higher than the
11 compensation formula for that employee for extraordinary
12 achievement or accelerated compensation for local interns.

13 Performance payouts will be calculated for each individual
14 based upon a performance pay pool value that will be initially 3
15 percent (e.g., 2.0% performance pay + 1.0% performance bonus) of
16 the combined basic rates of pay of the assigned employees. This
17 percentage, a payout factor, will be adjusted as necessary to
18 compensate for changing employee demographics which impact the
19 elements used in the GS system, such as the amount of step raises,
20 quality step increases, and promotions. Performance payouts will
21 be calculated so that a pay pool manager will not exceed the
22 resources that are available in the pay pool. An employee's
23 performance payout is computed as follows:

$$\text{Performance Payout} = \frac{\text{Pool Value} * \text{SAL} * \text{N}}{\text{SUM (SALj} * \text{Nj) ; j = 1 to n}}$$

where: Pool Value = F * SUM (SALk) ; k = 1 to n

n = Number of employees in pay pool

N = Number of shares earned by an employee based
on their performance rating (0 to 10)

SAL = An individual's basic rate of pay

SUM = The summation of the entities in
parenthesis over the range indicated

F = Payout Factor

Once the individual performance payout amounts have been determined, the next step is to determine what portion of each payout will be in the form of a base pay increase as opposed to a bonus payment. A base pay share factor is derived by dividing the amount of the base pay fund by the amount of the total performance pay pool. This factor is multiplied by the individual performance payout amounts to derive each individual's projected base pay increase. Certain employees will not be able to receive the projected base pay increase due to base pay caps. Base pay is

1 capped when an employee reaches the maximum rate of pay in an
2 assigned payband.

3 If the organization determines it is appropriate, it may
4 reallocate a portion (up to the maximum possible amount) of the
5 unexpected base pay funds for capped employees to uncapped
6 employees. This reallocation must be made on a proportional basis
7 so that all uncapped employees receive the same percentage increase
8 in their base pay share (unless the reallocation adjustment is
9 limited by a pay cap). Any dollar increase in an employee's
10 projected base pay increase will be offset, dollar for dollar, by
11 an accompanying reduction in the employee's projected bonus
12 payment. Thus, the employee's total performance payout is
13 unchanged.

14 Supervisory Pay Adjustments

15 Supervisory pay adjustments may be used at the discretion of
16 the STRICOM Deputy to the Commander, to compensate employees
17 assuming positions entailing supervisory responsibilities.
18 Supervisory pay adjustments are increases to the supervisor's basic
19 rate of pay, ranging up to 10 percent of that pay rate, subject to
20 the constraint that the adjustment may not cause the employee's
21 basic rate of pay to exceed the payband maximum rate. Only
22 employees in supervisory positions with formal supervisory
23 authority meeting that required for coverage under the OPM GS
24 Supervisory Guide may be considered for the supervisory pay

1 adjustment. Criteria to be considered in determining the pay
2 increase percentage include the following organizational and
3 individual employee factors: (1) needs of the organization to
4 attract, retain, and motivate high quality supervisors; (2)
5 budgetary constraints; (3) years of supervisory experience; (4)
6 amount of supervisory training received; (5) performance appraisals
7 and experience as a group or team leader; (6) their organizational
8 level of supervision; and (7) managerial impact on the
9 organization.

10 Conditions, after the date of conversion into the
11 demonstration project, under which the application of a supervisory
12 pay adjustment may be considered are as follows:

13 (1) New hires into supervisory positions will have their
14 initial rate of basic pay set at the supervisor's discretion within
15 the pay range of the applicable payband. This rate of pay may
16 include a supervisory pay adjustment determined using the ranges
17 and criteria outlined above.

18 (2) A career employee selected for a supervisory
19 position that is within the employee's current payband may also be
20 considered for a supervisory pay adjustment.

21 If a supervisor is already authorized a supervisory pay
22 adjustment and is subsequently selected for another supervisory
23 position, within the same payband, then the supervisory pay
24 adjustment will be redetermined.

1 Within the demonstration project rating system, the
2 performance element "Supervision/EEO" is identified as a critical
3 element. Changes in the rating value for this element awarded to
4 a supervisor with a supervisory pay adjustment may generate a
5 review of the adjustment and may result in an increase or decrease
6 to that adjustment.

7 Supervisors, upon initial conversion into the demonstration
8 project into the same, or substantially similar position, will be
9 converted at their existing basic rate of pay and will be offered
10 a supervisory pay adjustment.

11 The initial dollar amount of the adjustment will be removed
12 when the employee voluntarily leaves the supervisory position. The
13 cancellation of the adjustment under these circumstances is not an
14 adverse action and is not appealable. If an employee is removed
15 from a supervisory position for personal cause (performance or
16 conduct), the adjustment will be removed under adverse action
17 procedures. However, if an employee is removed from a non-
18 probationary supervisory position for conditions other than
19 voluntary or for personal cause, then the grade and pay retention
20 provisions of 5 CFR 536 will prevail where "payband level" is
21 substituted for "grade."

22 Leader Pay Differentials

23 Leader differentials may be used, at the discretion of the
24 STRICOM Deputy to the Commander, to incentivize and reward

1 employees in leader positions without formal supervisory authority.
2 A Leader Pay Differential is a cash incentive that may range up to
3 10 percent of the leader's basic rate of pay. It is paid on a pay
4 period basis and is not included as part of the supervisor's basic
5 rate of pay. Criteria to be considered in determining the amount
6 of this Leader Pay Differential includes those identified for
7 Supervisory Pay Adjustments.

8 The Leader Pay Differential may be considered, either during
9 conversion into or after initiation of the demonstration project,
10 if the leader had oversees employees in the same payband. The
11 differential must be terminated if the employee is removed from a
12 leader position, regardless of cause.

13 As specified in Supervisory Pay Adjustments, after initiation
14 of the demonstration project, all personnel actions involving a
15 supervisory differential will require a statement signed by the
16 employee acknowledging that the differential may be terminated or
17 reduced at the STRICOM Deputy to the Commander's discretion. The
18 termination or reduction of the differential is not an adverse
19 action and is not subject to appeal.

20 Pay and Compensation Ceilings

21 An employee's total monetary compensation for a calendar year
22 may not exceed the basic rate of pay for level I of the Executive
23 Schedule consistent with 5 U.S.C. 5307 and 5 CFR part 530, subpart
24 B.

1 In addition, each payband will have its own pay ceiling, just
2 as grades do in the current system. Pay rates for the various
3 paybands will be directly keyed to the GS rates. Except for
4 retained rates, basic pay will be limited to the maximum rates
5 payable for each payband.

6 Pay Setting for Promotion

7 Upon promotion to a higher payband, an employee will be
8 entitled to a 6% pay increase or the lowest level in the payband to
9 which promoted, whichever is greater. Highest previous rate also
10 may be considered in setting pay upon promotion, under rules
11 similar to the highest previous rate rules in 5 CFR 531.203(c) and
12 (d).

13 C. Classification

14 Introduction

15 The objectives of the new classification system are to
16 simplify the classification process, make the process more
17 serviceable and understandable, and place more decision-making
18 authority and accountability with line managers. All positions
19 listed in Appendix A will be in the classification structure.
20 Provisions will be made for including other occupations as
21 employment requirements change in response to changing technical
22 programs.

23 Occupational Series

24 The present GS classification system has over 400 occupations

(also called series), which are divided into 22 groups. The occupational series will be maintained. New series, established by OPM, may be added as needed to reflect new occupations in the workforce. Appendix A lists the occupational series currently represented at STRICOM by occupational family.

Classification Standards

STRICOM will use a classification system that is a modification of the system now in use at the U.S. Navy, Naval Command, Control and Ocean Surveillance Center, San Diego, California. The present classification standards will be used to create local benchmark position descriptions for each payband, reflecting duties and responsibilities comparable to those described in present classification standards for the span of grades represented by each payband. There will be at least one benchmark position description for each payband. A supervisory benchmark position description will be added to those paybands that include supervisory employees. Present titles and series will continue to be used in order to recognize the types of work being performed and educational backgrounds and requirements of incumbents. Locally developed specialty codes and OPM functional codes will be used to facilitate titling, making qualification determinations, and assigning competitive levels to determine retention status.

Position Descriptions and Classification Process

1 The STRICOM Deputy to the Commander will have delegated
2 classification authority and may redelegate this authority to
3 subordinate managers. New benchmark position descriptions will be
4 developed to assist managers in exercising delegated position
5 classification authority. Managers will identify the occupational
6 family, job series, the functional code, the specialty code,
7 payband level, and the appropriate acquisition codes. The manager
8 will document these decisions on a cover sheet similar to the
9 present OPM Form OF8.

10 Specialty codes will be developed by Subject Matter Experts
11 (SMEs) to identify the special nature of work performed.
12 Functional codes are those currently found in the OPM Introduction
13 to the Classification Standards which define certain kinds of
14 activities, e.g., Research, Development, Test and Evaluation, etc.,
15 and covers Engineers & Scientists.

16 Classification Appeals

17 An employee may appeal the occupational family, occupational
18 series, or payband of his or her position at any time. The
19 employee may accomplish this by exercising any of the following
20 options: (a) The employee must formally raise the areas of concern
21 to supervisors in the immediate chain of command, either verbally
22 or in writing, (b) If the employee is not satisfied with the
23 supervisory response, the employee may appeal to the appellate
24 level within DoD or may appeal directly to OPM, (c) If the employee

1 elects to first appeal to DoD but is not satisfied with this
2 response, he/she may appeal to the Office of Personnel Management.
3 Appellate decisions from OPM are final.

4 The evaluation of a classification appeal, is based on the
5 STRICOM Personnel Demonstration Project Classification Standards.

6 D. Hiring and Appointment Authorities

7 1. Hiring Authority

8 A candidate's basic eligibility will be determined using
9 Office of Personnel Management's (OPM) Qualification Standards
10 Handbook for General Schedule Positions. Candidates must meet the
11 minimum standards for entry into the payband. For example if the
12 payband includes positions in grades GS-5 and GS-7, the candidate
13 must meet the qualifications for positions at GS-5 level. Specific
14 experience/education required will be determined based on whether
15 a position to be filled is at the lower or higher end of the band.
16 Selective placement factors can be established in accordance with
17 the OPM Qualification Handbook, when judged to be critical to
18 successful job performance. These factors will be communicated to
19 all candidates for particular position vacancies and must be met
20 for basic eligibility. Under the demonstration authority, STRICOM
21 will modify qualification standards only as authorized in the
22 General Policies and instructions (paragraph 8) of the
23 Qualification Standard Handbook.

24 2. Appointment Authority

1 Under the demonstration project, there will continue to be
2 career and career conditional appointments and temporary
3 appointments not to exceed one year. These appointments will use
4 existing authorities and entitlements. Non-permanent positions
5 (exceeding one year) needed to meet fluctuating or uncertain
6 workload requirements will be filled using a Contingent Employee
7 appointment authority.

8 Employees hired for more than one year, under the contingent
9 employee appointment authority are given term appointments in the
10 competitive service for no longer than five years. The STRICOM
11 Deputy to the Commander is authorized to extend a contingent
12 appointment one additional year. These employees are entitled to
13 the same rights and benefits as term employees and will serve a two
14 year trial period. The Pay-for-Performance Management System
15 described in III.B applies to contingent employees.

16 Appointments will be made under the same appointment
17 authorities and processes as regular term appointments, but
18 recruitment bulletins must indicate that there is a potential for
19 conversion to permanent employment.

20 Employees hired under the contingent employee authority may be
21 eligible for conversion to career-conditional appointments. To be
22 converted, the employee must (1) have been selected for the term
23 position under competitive procedures, with the announcement
24 specifically stating that the individual(s) selected for the term

1 position(s) may be eligible for conversion to career-conditional
2 appointment at a later date; (2) served two years of substantially
3 continuous service in the term position; (3) be selected under
4 merit promotion procedures for the permanent position ; and (4)
5 have a current rating of B or better.

6 Employees serving under regular time-limited at the time of
7 conversion to the Demonstration Project will be converted to the
8 new contingent employee appointments provided they were hired for
9 their current positions under competitive procedures. These
10 employees will be eligible for conversion to career-conditional
11 appointment if they have a current rating of B or better (or one of
12 the top two ratings on the current evaluation system), and are
13 selected under merit promotion procedures for their permanent
14 position after having completed two years of continuous service.
15 Time served in temporary or term positions prior to conversion to
16 the contingent employee appointment is creditable, provided the
17 service was continuous.

18 3. Competitive Examining and Distinguished Scholastic 19 Appointments

20 STRICOM needs a process which will allow for the rapid filling
21 of vacancies, is less labor intensive, and is responsive to our
22 needs. Restructuring the examining process and providing an
23 authority to appoint candidates meeting distinguished scholastic
24 achievements will help achieve these goals. When STRICOM

1 implements the Demonstration Project, this component may be
2 available for all occupations. This will eliminate the imposition
3 of multiple examining and appointment systems on the public and
4 will strengthen efficiencies gained under the Demonstration
5 Project.

6 a. Delegated Examining Authority. STRICOM's purpose to
7 demonstrate a streamlined examining process for both permanent and
8 non-permanent positions. This authority will apply to all
9 positions with exception of positions in the Senior Executive
10 Service. This authority will include the coordination of
11 recruitment and public notices, the administration of the examining
12 process, the administration of veteran's preference, the
13 certification of candidates, and selection and appointment
14 consistent with merit principles.

15 b. Description of Examining Process. The primary change
16 in the examining process to be demonstrated is the grouping of
17 eligible candidates into three Quality Groups using numerical
18 scores and the elimination of consideration according to the "rule
19 of three".

20 For each candidate, minimum qualifications will be determined
21 using OPM's Operating Manual for "Qualification Standards For
22 General Schedule Positions"/"Job Qualification Systems For Trades
23 and Labor Occupations (Handbook X-118C)" including any selective
24 placement factors identified for the position. Candidates who meet

1 basic (minimum) qualifications will be further evaluated based on
2 knowledge, skills and abilities which are directly linked to the
3 position(s) to be filled. Based on this assessment, candidates
4 will receive a numerical score of 70, 80, or 90. No intermediate
5 scores will be granted except for those eligibles who are entitled
6 to veterans preference. Preference eligibles meeting basic
7 (minimum) qualifications will receive an additional 5 or 10 points
8 (depending on their preference eligibility) which is added to the
9 minimum scores identified above. Candidates will be placed in one
10 of three quality groups based on their numerical score, including
11 any veteran's preference points: Basically Qualified (score of 70
12 and above), Highly Qualified (score of 80 and above), or Superior
13 (score of 90 and above). The names of preference shall be entered
14 ahead of others having the same numerical rating.

15 For scientific/engineering and professional positions at the
16 equivalent of GS-9 and above, candidates will be referred by
17 quality groups in the order of the numerical ratings, including any
18 veterans preference points. For all other positions, i.e., other
19 than scientific/engineering and professional positions at the
20 equivalent of GS-9 and above, preference eligibles with a
21 compensable service-connected disability of 10 percent or more who
22 meet basic (minimum) eligibility will be listed at the top of the
23 highest group certified.

24 In selecting the top candidate, selecting officials should be

1 provided with a reasonable number of qualified candidates from
2 which to choose. All candidates in the highest group will be
3 certified. If there is an insufficient number of candidates in the
4 highest group, candidates in the next lower group may be certified
5 in rank order. When two or more groups are certified, candidates
6 will be identified by quality group (i.e., Superior, Highly
7 Qualified, Basically Qualified) in the order of their numerical
8 scores. In making selections, to pass over any preference
9 eligible(s) to select a nonpreference eligible requires approval
10 under current pass over or objection procedures.

11 c. Distinguished Scholastic Achievement Appointment.

12 STRICOM's further purpose to establish a Distinguished Scholastic
13 Achievement Appointment using an alternative examining process
14 which provides the authority to appoint undergraduates and
15 graduates through the doctoral level who meet basic eligibility as
16 determined by using OPM's Operating Manual for "Qualification
17 Standards for General Schedule Positions" plus any previously
18 established selective placement factors, if applicable and the
19 following scholastic standards:

20 *3.5 grade-point average (GPA) or above on a 4.0 scale
21 for required courses in the major field of study, or for all course
22 work; or

23 *Graduated in the top 10% of their graduating class.

24 At the undergraduate level, the GPA may be based on 4 years of

1 education or on those courses completed during the final 2 years of
2 the curriculum.

3 Veterans preference procedures will apply when selecting
4 candidates under this authority. Preference eligibles who meet the
5 above criteria will be considered ahead of non preference
6 eligibles. In making selections, to pass over any preference
7 eligible(s) to select a nonpreference eligible requires approval
8 under current objection procedures.

9 This authority allows for the competitive appointment to
10 positions at the equivalent of GS-7 through GS-11, and GS-12 for
11 positions involved in research. Distinguished Scholastic
12 Achievement Appointments will enable STRICOM to respond quickly to
13 hiring needs with eminently qualified candidates possessing
14 distinguished scholastic achievements.

15 4. Extended Probationary Period

16 The current one year probationary period will be extended to
17 two years for all newly hired employees. The purpose of extending
18 the probationary period is to allow supervisors an adequate period
19 of time to fully evaluate an employee's ability to complete a cycle
20 of work (such as research, program development and execution, and
21 technology transfer) and to fully evaluate an employee's
22 contribution and conduct.

23 Aside from extending the time period, all other features of
24 the current probationary period are retained including the

1 potential to remove an employee without providing the full
2 substantive and procedural rights afforded a non-probationary
3 employee. Any employee appointed prior to the implementation date
4 will not be affected. The two year probation will apply to new
5 hires or those who do not have reemployment rights or reinstatement
6 privileges.

7 Probationary employees will be terminated when the employee
8 fails to demonstrate proper conduct, technical competency, and/or
9 adequate contribution for continued employment. When STRICOM
10 decides to terminate an employee serving a probationary period
11 because his/her work performance or conduct during this period
12 fails to demonstrate their fitness or qualifications for continued
13 employment, it shall terminate his/her services by written
14 notification of the reasons for separation and the effective date
15 of the action. The information in the notice as to why the
16 employee is being terminated shall, as a minimum, consists of the
17 manager's conclusions as to the inadequacies of their performance
18 or conduct.

19 5. Supervisory Probationary Periods

20 Supervisory probationary periods will be made consistent with
21 5 CFR 315, Subchapter 315.901. Employees that have successfully
22 completed the initial probationary period will be required to
23 complete an additional one year probationary period for the initial
24 appointment to a supervisory position. If, during the probationary

1 period, the decision is made to return the employee to a
2 nonsupervisory position for reasons solely related to supervisory
3 performance, the employee will be returned to a comparable position
4 of no lower payband and pay than the position from which they were
5 promoted.

6 6. Voluntary Emeritus Program

7 Under the demonstration project, the Deputy to the Commander
8 will have the authority to offer retired or separated individuals
9 voluntary assignments in the Command. This authority will include
10 individuals who have retired or separated from Federal service.
11 Voluntary Emeritus Program assignments are not considered
12 "employment" by the Federal government (except for purposes of
13 injury compensation). Thus, such assignments do not affect an
14 employee's entitlement to buyouts or severance payments based on an
15 earlier separation from Federal service. The Voluntary Emeritus
16 Program will ensure continued quality work while reducing the
17 overall salary line by allowing higher paid individuals to accept
18 retirement incentives with the opportunity to retain a presence at
19 STRICOM. The program will be of most benefit during manpower
20 reductions as senior employees could accept retirement and return
21 to provide valuable on-the-job training or mentoring to less
22 experienced employees. Voluntary service will not be used to
23 replace any employee.

24 To be accepted into the emeritus program, a volunteer must be

1 recommended by a manager to the Deputy to the Commander. Everyone
2 who applies is not entitled to a voluntary assignment. The Deputy
3 to the Commander must clearly document the decision process for
4 each applicant (whether accepted or rejected) and retain the
5 documentation throughout the assignment. Documentation of
6 rejections will be maintained for two years.

7 To ensure success and encourage participation, the volunteer's
8 federal retirement pay (whether military or civilian) will not be
9 affected while serving in a voluntary capacity. Retired or
10 separated federal employees may accept an emeritus position without
11 a break in service or mandatory waiting period.

12 Volunteers will not be permitted to monitor contracts on
13 behalf of the government or to participate on any contracts or
14 solicitations where a conflict of interest exists. The same rules
15 that currently apply to source selection members will apply to
16 volunteers.

17 An agreement will be established between the volunteer, the
18 Deputy to the Commander and the Human Resource Management Division
19 (HRMD). The agreement will be reviewed by the local Legal Office
20 for ethics determinations under the Joint Ethics Regulation. The
21 agreement must be finalized before the assumption of duties and
22 shall include:

23 (a) a statement that the voluntary assignment does not
24 constitute an appointment in the civil service and is without

1 compensation,

2 (b) a statement that the volunteer will be considered a
3 federal employee for the purpose of injury compensation, and any
4 and all claims against the Government (because of the voluntary
5 assignment) are waived by the volunteer,

6 (c) volunteer's work schedule,

7 (d) length of agreement (defined by length of project or
8 time defined by weeks, months, or years),

9 (e) support provided by STRICOM (travel, administrative,
10 office space, supplies),

11 (f) a one page Statement of Duties and Experience,

12 (g) a provision that states no additional time will be
13 added to a volunteer's service credit for such purposes as
14 retirement, severance pay, and leave as a result of being a member
15 of the Voluntary Emeritus Program

16 (h) a provision allowing either party to void the
17 agreement with 10 working days written notice, and

18 (i) the level of security access required (any security
19 clearance required by the assignment will be managed by STRICOM
20 while the volunteer is a member of the Voluntary Emeritus Program

21 E. Employee Development

22 1. Expanded Developmental Opportunity Program

23 The STRICOM Expanded Developmental Opportunity Program will be
24 funded by STRICOM, and it will cover all demonstration project

1 employees. An expanded developmental opportunity complements
2 existing developmental opportunities such as (1) long term
3 training, (2) one year work experiences in an industrial setting
4 via the Training With Industry Program, (3) one year work
5 experiences in laboratories of allied nations via the Science and
6 Engineer Exchange Program, (4) rotational job assignments within
7 STRICOM, (5) up to one year developmental assignments in higher
8 headquarters within the Army and Department of Defense, and (6)
9 self directed study via correspondence courses and local colleges
10 and universities.

11 Each developmental opportunity period should benefit STRICOM,
12 as well as increase the employee's individual effectiveness.
13 Various learning or developmental experiences may be considered,
14 such as advanced academic teaching or research, or on-the-job work
15 experience with public or non-profit organizations. Employees will
16 be eligible after completion of two years of Federal service.
17 Final approval authority will rest with the STRICOM Deputy to the
18 Commander, and selection of an employee to be granted an expanded
19 developmental opportunity will be on a competitive basis. An
20 expanded developmental opportunity period will not result in loss
21 of (or reduction in) pay, leave to which the employee is otherwise
22 entitled, or credit for time or service.

23 The opportunity to participate in the Expanded Developmental
24 Opportunity Program will be announced annually. Instructions for

1 application and the selection criteria will be included in the
2 announcement. Final selection for participation in the program
3 will be made by the Personnel Management Board. The position of
4 employees on an expanded developmental opportunity may be
5 backfilled with employees temporarily promoted or contingent
6 employees or employees assigned via the simplified assignment
7 process in 3.A. However, that position or its equivalent must be
8 made available to the employee returning from the expanded
9 developmental opportunity.

10 2. Training for Degrees

11 Degree training is an essential component of an organization
12 that requires continuous acquisition of advanced and specialized
13 knowledge. Degree training in the academic environment of
14 laboratories is also a critical tool for recruiting and retaining
15 employees with or requiring critical skills. Constraints under
16 current law and regulation limit degree payment to shortage
17 occupations. In addition, current government wide regulations
18 authorize payment for degrees based only on recruitment or
19 retention needs. Degree payment is not permitted for non-shortage
20 occupations involving critical skills.

21 STRICOM proposes to expand the authority to provide degree
22 payment for purposes of meeting critical skill requirements, to
23 ensure continuous acquisition of advanced and specialized knowledge
24 essential to the organization, and to recruit and retain personnel

1 critical to the present and future requirements of the
2 organization. Degree payment may not be authorized where it would
3 result in a tax liability for the employee without the employee's
4 express and written consent. It is expected that the degree
5 payment authority will be used primarily and largely for advanced
6 degrees, except in rare instances where an undergraduate degree
7 program is deemed necessary. Additionally, when it is determined
8 to be in the best interest of the government, employees may be
9 allowed to remain in pay status to attend school full time for the
10 purpose of advanced degree training.

11 STRICOM will develop guidelines to ensure competitive approval
12 of degree payment and that such decisions are fully documented. In
13 addition, this proposal shall be implemented consistent with 5
14 U.S.C. 4107(b)(2).

15 F. Revised Reduction-in-Force (RIF) Procedures

16 Introduction

17 Changes in the Reduction-in-Force process are contingent upon
18 agreement by the Office of Personnel Management that it retains
19 authority to revise its implementing regulations under the
20 Veterans' Preference Act of 1944 and its demonstration project
21 authority at 5 U.S.C. 4703.

22 Provisions include making one competitive area for all STRICOM
23 regardless of geographic location and increasing the emphasis on
24 performance in the RIF Process. Retention criteria is in the

1 following order; tenure, veterans' preference, service credit
2 adjusted by a sum of the last three performance ratings. Current
3 reduction in force regulations/procedures have been adjusted in the
4 context of the occupational family and the payband classification
5 system. Also regulations are being modified by substituting "same
6 payband" for "same grade" and "one payband lower" for "three grades
7 lower.

8 Competitive Areas

9 All five occupational families will be in the same competitive
10 area and the competitive area will cover all geographic locations.
11 Bumps and retreats will occur only within the competitive area and
12 only to positions for which the employee is qualified in the same
13 or next lower payband.

14 Competitive levels will be established based on the payband,
15 classification series, and where responsibilities are similar
16 enough in duties, qualification requirements, pay schedules, and
17 working conditions so that an employee may be reassigned to any of
18 the other positions within the level without requiring significant
19 training or causing undue interruption. Separate competitive
20 levels will be established for positions in the competitive and
21 excepted service; for positions filled on a full-time, part-time,
22 intermittent, seasonal, or on-call basis; and separate levels will
23 be established for positions filled as a trainee or developmental.

24 Retention

1 Competing employees are listed on a retention register in the
2 order shown below. Each tenure group has three subgroups (30% or
3 higher compensable veterans, other veterans, and non-veterans) and
4 employees appear on the retention register in that order. Within
5 each subgroup, employees are in order of years of service adjusted
6 to include performance credit.

7 Tenure I (Career employees)

8 Tenure II (Career-Conditional employees)

9 Tenure III (Contingent employees)

10 In the Demonstration Project an employee can bump into a
11 position, in the same occupational family in the same payband or
12 one below, that is currently held by another employee in a lower
13 retention subgroup. An employee may retreat into an almost
14 identical position in the same occupational family in the same band
15 or one payband below that is currently held by another employee in
16 the same subgroup who has lower adjusted RIF service computation
17 date. A preference eligible with a compensable service-connected
18 disability of 30 percent or more may displace employees in
19 positions equivalent to five GS grades below the minimum grade
20 level of his/her current band.

21 An employee with a current annual performance rating of U has
22 assignment rights only to a position held by another employee who
23 has a U rating. An employee who has been given a written decision
24 of removal because of unacceptable performance will be placed at

1 the bottom of the retention register for their competitive level.

3 Link Between Performance and Retention

4 An employee will have additional years of service added to the
5 service computation date for retention purposes. The credit is
6 applied for each of the last three annual performance ratings of
7 record, received over the last four years, for a potential credit
8 of 30 years. If an employee has less than three annual performance
9 ratings of record, then for each missing rating, a rating of C will
10 be assumed. Ratings given under nonDemo systems will be converted
11 to the demo rating scheme and provided the equivalent rating
12 credit.

13 Rating A adds 10 years

14 Rating B adds 7 years

15 Rating C adds 3 years

16 Rating U adds no credit for retention

17 Grade and Pay Retention

18 Except where waived or modified by this plan, grade and pay
19 retention will follow current regulations, except that occupational
20 family "payband" will substitute for "grade."

21 IV. Training

22 Introduction

23 The key to the success or failure of the proposed
24 demonstration project will be the training provided for all

1 involved. This training will not only provide the necessary
2 knowledge and skills to carry out the proposed changes, but will
3 also lead to program commitment on the part of participants.

4 Training at the beginning of implementation and throughout the
5 demonstration will be provided to supervisors, employees, and the
6 administrative staff responsible for assisting managers in
7 effecting the changeover and operation of the new system.

8 The elements to be covered in the orientation portion of this
9 training will include: (1) a description of the personnel system,
10 (2) how employees are converted into and out of the system, (3)
11 the pay adjustment and/or bonus process, (4) familiarization with
12 the new position descriptions and performance objectives, (5) the
13 performance evaluation management system, (6) the reconsideration
14 process, and (7) the demonstration project administrative and
15 formal evaluation process.

16 Supervisors

17 The focus of this project on management-centered personnel
18 administration, with increased supervisory and managerial personnel
19 management authority and accountability, demands thorough training
20 of supervisors and managers in the knowledge and skills that will
21 prepare them for their new responsibilities. Training will include
22 detailed information on the policies and procedures of the
23 demonstration project, skills training in using the classification
24 system, position description preparation, performance evaluation.

1 Additional training may focus on nonproject procedural techniques
2 such as interpersonal and communication skills.

3 Administrative Staff

4 The administrative staff, generally human resource advisors
5 play a key role in advising, training, and coaching supervisors and
6 employees in implementing the demonstration project. This staff
7 will need training in the procedural and technical aspects of the
8 project.

9 Employees

10 STRICOM, in conjunction with the Human Resource Management
11 Division, will train employees covered under the demonstration
12 project. In the months leading up to the implementation date,
13 meetings will be held for employees to fully inform them of all
14 project decisions, procedures, and processes.

15 V. Conversion

16 Conversion to the Demonstration Project

17 a. Initial entry into the demonstration project will be
18 accomplished through a full employee protection approach that
19 ensures each employee an initial place in the appropriate payband
20 without loss of pay. Employees serving under regular term
21 appointments at the time of the implementation of the demonstration
22 project will be converted to the contingent employee appointment.
23 Position announcement, etc. will not be required for these
24 contingent employee appointments. An automatic conversion from

1 current GS/GM grade and pay into the new payband system will be
2 accomplished. Each employee's initial total salary under the
3 demonstration project will equal the total salary received
4 immediately before conversion. Employees who enter the
5 demonstration project later by lateral reassignment or transfer
6 will be subject to parallel pay conversion rules. If conversion
7 into the demonstration project is accompanied by a geographic move,
8 the employee's GS pay entitlements in the new geographic area must
9 be determined before performing the pay conversion.

10 b. Employees who are on temporary promotions at the time of
11 conversion will be converted to a payband commensurate with the
12 grade of the position to which promoted. At the conclusion of the
13 temporary promotion, the employee will revert to the payband which
14 corresponds to the grade of record. When a temporary promotion is
15 terminated, the employee's pay entitlements will be determined
16 based on the employee's position of record, with appropriate
17 adjustments to reflect pay events during the temporary promotion,
18 subject to the specific policies and rules established by STRICOM.
19 In no case may those adjustments increase the pay for the position
20 of record beyond the applicable pay range maximum rate. The only
21 exception will be if the original competitive promotion
22 announcement stipulated that the promotion could be made permanent;
23 in these cases actions to make the temporary promotion permanent
24 will be considered, and if implemented, will be subject to all

1 existing priority placement programs.

2 c. Employees who are covered by special salary rates, prior
3 to the demonstration project, will no longer be considered a
4 special rate employee under the Demonstration Project. These
5 employees will, therefore, be eligible for full locality pay. The
6 adjusted salaries of these employees will not change. Rather, the
7 employees will receive a new basic pay rate computed by dividing
8 their adjusted basic pay (higher of special rate or locality rate)
9 by the locality pay factor for their area. A full locality
10 adjustment will then be added to the new basic pay rate. Adverse
11 action and pay retention provisions will not apply to the
12 conversion process as there will be no change in total salary.

13 d. During the first 12 months following conversion, employees
14 will receive pay increases for non-competitive promotion
15 equivalents when the grade level of the promotion is encompassed
16 within the same payband, the employee's performance warrants the
17 promotion and promotions would have otherwise occurred during that
18 period. Employees who receive an in-level promotion at the time of
19 conversion will not receive a prorated step increase equivalent as
20 defined below.

21 e. At the time of conversion each converted employee will be
22 given a prorated pay increase for the time credited to the employee
23 toward what would have been the employee's next within-grade (step)
24 increase. The payment for employees will be computed by:

1 calculating the ratio of the number of weeks the employee will have
2 spent in the current step through the week prior to the day of
3 conversion, to the total number of weeks in the employee's current
4 waiting period for a regular within-grade increase; and multiplying
5 that ratio by the dollar value of the employee's next within-grade
6 increase at the time of conversion.

7 Conversion or Movement from a Project Position to a General
8 Schedule Position

9 If a demonstration project employee is moving to a General
10 Schedule (GS) position not under the demonstration project, or if
11 the project ends and each project employee must be converted back
12 to the GS system, the following procedures will be used to convert
13 the employee's project payband to a GS-equivalent grade and the
14 employee's project rate of pay to GS equivalent rate of pay. The
15 converted GS grade and GS rate of pay must be determined before
16 movement or conversion out of the demonstration project and any
17 accompanying geographic movement, promotion, or other simultaneous
18 action. For conversions upon termination of the project and for
19 lateral reassignments, the converted GS grade and rate will become
20 the employee's actual GS grade and rate after leaving the
21 demonstration project (before any other action). For transfers,
22 promotions, and other actions, the converted GS grade and rate will
23 be used in applying any GS pay administration rules applicable in
24 connection with the employee's movement out of the project (e.g.,

1 promotion rules, highest previous rate rules, pay retention rules),
2 as if the GS converted grade and rate were actually in effect
3 immediately before the employee left the demonstration project.

4 a. Grade-Setting Provisions: An employee in a payband
5 corresponding to a single GS grade is converted to that grade. An
6 employee in a payband corresponding to two or more grades is
7 converted to one of those grades according to the following rules:
8 (1) The employee's adjusted rate of basic pay under the
9 demonstration project (including any locality payment) is compared
10 with step 4 rates in the highest applicable GS rate range. (For
11 this purpose, a "GS rate range" includes a rate in (1) the GS base
12 schedule, (2) the locality rate schedule for the locality pay area
13 in which the position is located, or (3) the appropriate special
14 rate schedule for the employee's occupational series, as
15 applicable.) If the series is a two-grade interval series, only
16 odd-numbered grades are considered below GS-11.

17 (2) If the employee's adjusted project rate equals or
18 exceeds the applicable step 4 rate of the highest GS grade in the
19 band, the employee is converted to that grade.

20 (3) If the employee's adjusted project rate is lower
21 than the applicable step 4 rate of the highest grade, the adjusted
22 rate is compared with the step 4 rate of the second highest grade
23 in the employee's payband. If the employee's adjusted rate equals
24 or exceeds step 4 rate of the second highest grade, the employee is

1 converted to that grade.

2 (4) This process is repeated for each successively lower
3 grade in the band until a grade is found in which the employee's
4 adjusted project rate equals or exceeds the applicable step 4 rate
5 of the grade. The employee is then converted at that grade. If
6 the employee's adjusted rate is below the step 4 rate of the lowest
7 grade in the band, the employee is converted to the lowest grade.

8 (5) Exception: If the employee's adjusted project rate
9 exceeds the maximum rate of the grade assigned under the above-
10 described "step 4" rule but fits in the rate range for the next
11 higher applicable grade (i.e., between step 1 and step 4), then the
12 employee shall be converted to that next higher applicable grade.

13 (6) Exception: An employee will not be converted to a
14 lower grade than the grade held by the employee immediately
15 preceding a conversion, lateral reassignment, or lateral transfer
16 into the project, unless since that time the employee has undergone
17 a reduction in band.

18 b. Pay-Setting Provisions: An employee's pay within the
19 converted GS grade is set by converting the employee's
20 demonstration project rate of pay to GS rate of pay in accordance
21 with the following rules:

22 (1) The pay conversion is done before any geographic
23 movement or other pay-related action that coincides with the
24 employee's movement or conversion out of the demonstration project.

1 (2) An employee's adjusted rate of basic pay under the
2 project (including any locality payment) is converted to a GS
3 adjusted rate on the highest applicable rate range for the
4 converted GS grade. (For this purpose, a "GS rate range" includes
5 a rate range in (1) the GS base schedule, (2) an applicable
6 locality rate schedule, or (3) an applicable special rate
7 schedule.)

8 (3) If the highest applicable GS rate range is a
9 locality pay rate range, the employee's adjusted project rate is
10 converted to a GS locality rate of pay. If this rate falls between
11 two steps in the locality-adjusted schedule, the rate must be set
12 at the higher step. The converted GS unadjusted rate of basic pay
13 would be the GS base rate corresponding to the converted GS
14 locality rate (i.e., same step position). (If this employee is
15 also covered by a special rate schedule as a GS employee, the
16 converted special rate will be determined based on the GS step
17 position. This underlying special rate will be basic pay for
18 certain purposes for which the employee's higher locality rate is
19 not basic pay.)

20 (4) If the highest applicable GS rate range is a special
21 rate range, the employee's adjusted project rate is converted to a
22 special rate. If this rate falls between two steps in the special
23 rate schedule, the rates must be set at the higher step. The
24 converted GS unadjusted rates of basic pay will be the GS rates

1 corresponding to the converted special rate (i.e., same step
2 position).

3 Personnel Administration

4 All personnel laws, regulations, and guidelines not waived by
5 this plan will remain in effect. Basic employee rights will be
6 safeguarded and merit principles will be maintained. Supporting
7 personnel specialists will continue to process personnel-related
8 actions and provide consultative and other appropriate services.

9 Automation

10 STRICOM will continue to use the Defense Civilian Personnel
11 Data System (DCPDS) for the processing of personnel-related data.
12 Payroll servicing will continue from the respective payroll
13 offices.

14 Local automated systems will be developed to support
15 computation of performance related pay increases and awards and
16 other personnel processes and systems associated with this project.

17 Experimentation and Revision

18 Many aspects of a demonstration project are experimental.
19 Modifications may be made from time to time as experience is
20 gained, results are analyzed, and conclusions are reached on how
21 the system is working. STRICOM will make minor modifications, such
22 as changes in the occupational series in an occupational family
23 without further notice. Major changes, such as a change in the
24 number of occupational families, will be published in the Federal

1 Register.

2
3 VI. Project Duration

4 Public Law 103-337 removed any mandatory expiration date for
5 this demonstration. The project evaluation plan adequately
6 addresses how each intervention will be comprehensively evaluated
7 for at least the first 5 years of the demonstration. Major changes
8 and modifications to the interventions can be made through
9 announcement in the Federal Register and would be made if formative
10 evaluation data warranted. At the 5 year point, the entire
11 demonstration will be reexamined for either: (a) permanent
12 implementation, (b) change and another 3-5 year test period, or (c)
13 expiration.

14 VII. Evaluation Plan

15 Chapter 47 (Title 5 U.S.C.) requires that an evaluation system
16 be implemented to measure the effectiveness of the proposed
17 personnel management interventions. An evaluation plan for the
18 entire laboratory demonstration program covering 24 DoD labs was
19 developed by a joint OPM/DOD Evaluation Committee. A Comprehensive
20 evaluation plan was submitted to the Office of Defense Research &
21 Engineering in 1995 and subsequently approved (*Proposed Plan for*
22 *Evaluation of the Department of Defense S&T Laboratory*
23 *Demonstration Program, Office of Merit Systems Oversight &*
24 *Effectiveness, June 1995*). The overall evaluation effort will be

1 coordinated and conducted by OPM's Personnel Resources and
2 Development Center (PRDC). The primary focus of the evaluation is
3 to determine whether the waivers granted result in a more effective
4 personnel system than the current as well as an assessment of the
5 costs associated with the new system.

6 The present personnel system with its many rigid rules and
7 regulations is generally perceived as an impediment to mission
8 accomplishment. The Demonstration Project is intended to remove
9 some of those barriers and therefore, is expected to contribute to
10 improved organizational performance. While it is not possible to
11 prove a direct causal link between intermediate and ultimate
12 outcomes (improved personnel system performance and improved
13 organizational effectiveness), such a linkage is hypothesized and
14 data will be collected and tracked for both types of outcome
15 variables.

16 An intervention impact model (Appendix B) will be used to
17 measure the effectiveness of the various personnel system changes
18 or interventions. Additional measures will be developed as new
19 interventions are introduced or existing interventions modified
20 consistent with expected effects. Measures may also be deleted
21 when appropriate. Activity specific measures may also be developed
22 to accommodate specific needs or interests which are locally
23 unique.

24 The evaluation model for the Demonstration Project identifies

elements critical to an evaluation of the effectiveness of the interventions. The overall evaluation approach will also include consideration of context variables that are likely to have an impact on project outcomes: e.g., HRM regionalization, downsizing, cross-service integration, and the general state of the economy. However, the main focus of the evaluation will be on intermediate outcomes, e.g., the results of specific personnel system changes which are expected to improve human resources management. The ultimate outcomes are defined as improved organizational effectiveness, mission accomplishment, and customer satisfaction.

Data from a variety of different sources will be used in the evaluation. Information from existing management information systems supplemented with perceptual data will be used to assess variables related to effectiveness. Multiple methods provide more than one perspective on how the demonstration project is working. Information gathered through one method will be used to validate information gathered through another. Confidence in the findings will increase as they are substantiated by the different collection methods. The following types of data will be collected as part of the evaluation: (1) workforce data; (2) personnel office data; (3) employee attitudes and feedback using surveys, structured interviews, and focus groups; (4) local activity histories; and, (5) core measures of laboratory effectiveness.

VIII. Demonstration Project Costs

Costs associated with the development of the personnel demonstration system include software automation, training, and project evaluation. All funding will be provided through the STRICOM budget. The projected annual expenses for each area is summarized in Table 2.

TABLE 2 - PROJECTED DEVELOPMENTAL COSTS (Then Year Dollars)

| | <u>FY98</u> | <u>FY99</u> | <u>FY00</u> | <u>FY01</u> | <u>FY02</u> | <u>FY03</u> |
|--------------------|---------------|---------------|--------------|---------------|--------------|--------------|
| Training | \$ 6K | \$ 99K | \$12K | | | |
| Project Evaluation | \$ 25K | \$ 60K | \$60K | \$60K | \$60K | \$60K |
| Automation | \$ 80K | \$ 10K | | | | |
| Totals | \$111K | \$169K | \$72K | \$ 60K | \$60K | \$60K |

IX. Required Waivers to Law and Regulation

Public Law 103-337 gave the DoD the authority to experiment with several personnel management innovations. In addition to the authorities granted by the law, the following are typical of the waivers of law and regulation that will be necessary for implementation of the Demonstration Project. In due course, additional laws and regulations may be identified for waiver request.

1. Title 5, U.S. Code

Chapter 31, Section 3111: Acceptance of Volunteer Service

- the extent that the acceptance of retired or separated engineers

1 and scientists are included as volunteers under current statute.

2 Chapter 43, Sections 4301: Definitions

3 Chapter 43, Section 4302: Establishment of Performance Appraisal
4 Systems.

5 Chapter 43, Section 4303: Actions based on Unacceptable
6 Performance.

7 Chapter 51, Sections 5101-5107: Related to classification
8 standards and grading; to the extent that white collar employees
9 will be covered by paybanding.

10 Chapter 53, Sections 5301-5302 (8) and (9) and 5304: only
11 to the extent necessary to allow demonstration project employees to
12 be treated as General Schedule employees and to allow basic rates
13 of pay under the demonstration to be treated as scheduled rates of
14 pay.

15 Chapter 53, Section 5303: to the extent that the General
16 Increase will be denied to employees with an unsatisfactory rating
17 of record.

18 Chapter 53, Section 5305: Special Rates

19 Chapter 53, Sections 5331-5336: General schedule pay rates and
20 Periodic Step Increase.

21 Chapter 53, Sections 5361-5366 related to pay rates,
22 special pay, grade and pay retention; modified to substitute "band"
23 for "grade."

24 Chapter 55, Section 5545, related to hazardous duty

1 premium pay (only to the extent necessary to allow demonstration
2 project employees to be treated as General Schedule employees).

3 Chapter 57, Section 5753, 5454, and 5755: Recruitment and
4 Relocation Bonuses, Retention and Supervisory Differentials - only
5 to the extent necessary to allow employees and positions under the
6 demonstration project to be treated as employees and positions
7 under the general schedule.

8 Chapter 75, Section 7512(3): Adverse actions (to the
9 extent necessary to replace "grade" with "payband").

10 Chapter 75, Section 7512(4): Adverse actions (to the
11 extent that adverse action provisions do not apply to conversions
12 from General Schedule special rates to demonstration project pay,
13 as long as total pay is not reduced).

14 2. Title 5, Code of Federal Regulations:

15 Part 300.601-605, Time-in-Grade requirements
16 (Restrictions eliminated under the demonstration).

17 Part 308.101 through 308.103 Volunteer Service (to the
18 extent that retired employees can perform voluntary services).

19 Part 315.801 and 315.802, Probationary Period
20 (Demonstration project employees will have extended probationary
21 period).

22 Part 316.301, Term Appointments (adding years to exceed
23 4).

24 Part 316.303, Tenure of Term Employees (Demonstration

1 allows for conversion).

2 Part 316.305, Eligibility for Within-Grade Increases.

3 Part 351.402(b) Competitive Areas (Demonstration establishes
4 Competitive Areas.)

5 Part 351.504, Credit for Performance: as it relates to
6 years of credit.

7 Part 351.701, Assignment Involving Displacement: to the
8 extent that employees bump and retreat rights will be limited to
9 one payband except in the case of 30% preference eligibles which is
10 a position equivalent to five GS grades below the minimum grade
11 level of his/her payband.

12 Part 430 Subpart B Performance Appraisal for General
13 Schedule, Prevailing Rate, and Certain Other Employees: Employees
14 under the demonstration project will not be subject to the
15 requirements of this subpart.

16 Part 432: Modified to the extent that an employee may be
17 removed, reduced in band level with a reduction in pay, reduced in
18 pay without a reduction in band level and reduced in band level
19 without a reduction in pay based on unacceptable performance. Also
20 modified to delete reference to critical element. For employees
21 who are reduced in band level without a reduction in pay, Sections
22 432.105 and 432.106(a) do not apply.

23 Part 432, Sections 104 and 105: Proposing and Taking
24 Action Based on Unacceptable Performance: In so far as references

1 to "critical elements" are deleted and adding that the employee may
2 be "reduced in grade, or pay, or removed" if performance does not
3 improve to acceptable levels after a reasonable opportunity. In
4 addition, requirements waived to the extent that a reduction in
5 band level is taken based on skill utilization criteria when there
6 is no reduction in pay.

7 Part 511 Classification Under the General Schedule: (to
8 the extent that grades are changed to paybands, and that white
9 collar positions are covered by paybanding).

10 Part 530, Subpart C, Special salary rates.

11 Part 531, Subparts B, D, and E, Determining rate of basic
12 pay, within-grade increases, and quality step increases.

13 Part 531, Subpart F, Locality pay (only to the extent
14 necessary to allow employees covered by paybanding to be treated as
15 General Schedule employees, and basic rates of pay under the
16 demonstration project to be treated as scheduled annual rates of
17 pay).

18 Part 536. Subparts A, B, and C (only to the extent
19 necessary to allow employees covered by paybanding to be treated as
20 General Schedule employees and "payband" will substitute for
21 "grade").

22 Part 550.703, Severance Pay (modify the definition of
23 "reasonable offer" by replacing "two grade or pay levels" with "one
24 band level" and "grade or pay level" with "band level").

Part 550.902, Hazardous Pay (only to the extent necessary to allow demonstration project employees to be treated as General Schedule employees).

Part 575, Subparts A, B, C, and D Recruitment Bonuses, Relocation Bonuses, Retention Allowances and Supervisory Differentials (Only to the extent necessary to allow employees and positions under the demonstration project covered by paybanding to be treated as employees and positions under the General Schedule and to allow a supervisory differential as an incentive for performing supervisory duties.

Part 591, Subpart B: Cost-of-Living Allowances and Post Differential-Nonforeign Areas (This waiver applies only to the extent necessary to allow demonstration project employees to be treated as employees under the General Schedule.)).

Part 752.401 (a)(3)(4) Adverse Actions, reductions in grade and pay (to the extent that grade refers to payband and if a demonstration project employee's pay falls below the payband assigned because performance does not allow a pay increase, it is not an adverse action).

Appendix A: Occupational Series by Occupational Family

I. Engineers & Scientists

0801 General Engineer
0803 Safety Engineer
0810 Civil Engineer
0819 Environmental Engineer
0854 Computer Engineer
0855 Electronics Engineer
1515 Operations Research Analyst
1550 Computer Scientist

II. Acquisition Management

0301 Project Director
0340 Program Manager

III. Acquisition Support

0346 Logistics
0802 Engineering Technician
1102 Contract Specialist
1670 Equipment Specialist
1910 Quality Assurance Specialist
2001 General Supply Specialist
2010 Inventory Management Specialist

1 IV. Business Management
2 0221 Position Classification Specialist
3 0301 Human Resource Advisor
4 Staff Operations Officer
5 Protocol Officer
6 0334 Computer Specialist
7 0343 Program Analyst
8 0501 Resource Management Officer
9 0510 Systems Accountant
10 0511 Auditor
11 0560 Budget Analyst
12 0905 Attorney
13 1035 Public Affairs
14
15 V. General Support
16 0080 Security Officer
17 0086 Security Assistant
18 0303 Misc Clerk and Asst
19 0305 Mail Clerk
20 0318 Secretary
21 0326 Office Automation Clerk
22 0342 Support Services Specialist
23 0561 Budget Assistant
24 1106 Procurement Clerk

Appendix B: Project Evaluation and Oversight

Intervention Impact Model - DoD Lab Demonstration Program

1. Compensation

| INTERVENTION | EXPECTED EFFECTS | MEASURES | DATA SOURCES |
|----------------------|--|--|--|
| a. Paybanding | -increased organizational flexibility -reduced administrative workload, paperwork reduction -advanced in-hire rates -slower pay progression at entry levels -increased pay potential -increased satisfaction with advancement -increased pay satisfaction -improved recruitment -no change in high grade (GS-14/15) distribution | -perceived flexibility -actual/perceived time savings -starting salaries of banded v. non-banded employees -progression of new hires over time by band, career path -mean salaries by band, career path, demographics -total payroll cost -employee perceptions of advancement -pay satisfaction, internal/external equity -offer/acceptance ratios -percent declinations -number/percentage of high grade salaries pre/post banding | -attitude survey -personnel office data, PME results, attitude survey -workforce data -workforce data -workforce data -workforce data -workforce data -attitude survey -personnel office data -workforce data |
| b. Conversion buy-in | -employee acceptance | -employee perceptions of equity, fairness -cost as a percent of payroll | -attitude survey -workforce data |

2. Performance Management

| INTERVENTION | EXPECTED BENEFITS | MEASURES | DATA SOURCES |
|---|--|--|---|
| a. Cash awards/ bonuses | -reward/motivate performance -to support fair and appropriate distribution of awards | -perceived motivational power -amount and number of awards by career path, demographics, -perceived fairness of awards -satisfaction with monetary awards | -attitude survey -workforce data -attitude survey -attitude survey |
| b. Performance/ contribution based pay progression | -increased pay-performance link -improved performance feedback -decreased turnover of high performers/increased turnover of low performers -differential pay progression of high/low performers -alignment of organizational and individual performance expectations and results -increased employee involvement in performance planning and assessment | -perceived pay-performance link -perceived fairness of ratings -satisfactions with ratings -employee trust in supervisors -adequacy of performance feedback -turnover by performance rating category -pay progression by performance rating category, career path -linkage of performance expectations to strategic plans/ goals -performance expectations -perceived involvement -performance management procedures | -attitude survey -attitude survey -attitude survey -attitude survey -attitude survey -workforce data -workforce data -performance expectations, strategic plans -attitude survey/ focus groups -attitude survey/ focus groups -personnel regulations |
| c. New appraisal process | -reduced administrative burden -improved communication | -employee and supervisor perception of revised procedures -perceived fairness of process | -attitude survey -focus group |
| d. Performance development | -better communication of performance expectations -improved satisfaction and quality of workforce | -feedback and coaching procedures used -time, funds spend on training by demographics -organizational commitment -perceived workforce quality | -focus groups -personnel office data -training records -attitude surveys |

3. "White Collar" Classification

| INTERVENTION | EXPECTED EFFECTS | MEASURES | DATA SOURCES |
|---|---|---|--|
| a. Improved classification systems with generic standards | -reduction in amount of time and paperwork spent on classification -ease of use -improved recruitment of employees with appropriate skills | -time spent on classification procedures -reduction of paperwork/number of personnel actions (classification/promotion) -managers' perceptions of time savings, ease of use, improved ability to recruit -quality of recruits -perceived quality of recruits -GPA's of new hires, educational levels | -personnel office data -attitude survey -focus groups/ interviews -personnel office data |
| b. Classification authority delegated to managers | -increased supervisory authority/accountability -decreased conflict between management and personnel staff -no negative impact on internal pay equity | -perceived authority -number of classification disputes/appeals pre/post -management satisfaction with service provided by personnel office -internal pay equity | -attitude survey -personnel records -attitude survey -attitude survey |
| c. Dual career ladder | -increased flexibility to assign employees -improved internal mobility -increased pay equity -flatter organization -improved quality of supervisory staff | -assignment flexibility -sup/non-sup ratios -perceived internal mobility -perceived pay equity -supervisory/non-supervisory ratios -employee perceptions of quality of supervisors | -focus groups, surveys -workforce data -attitude survey -attitude survey -workforce data -attitude survey |

4. RIF

| INTERVENTION | EXPECTED EFFECTS | MEASURES | DATA SOURCES |
|--------------|---|--|---|
| Modified RIF | <ul style="list-style-type: none"> -prevent loss of high performing employees with needed skills -contain cost and disruption | <ul style="list-style-type: none"> -separated employees by demographics, performance -satisfaction with RIF process -cost comparisons of traditional v. modified RIF -time to conduct RIF -number of appeals/reinstatements | <ul style="list-style-type: none"> -workforce data -attitude survey/focus groups -attitude survey/focus groups |

5. COMBINATION OF ALL INTERVENTIONS

| INTERVENTION | EXPECTED EFFECTS | MEASURES | DATA SOURCES |
|--------------|--|---|--|
| All | <ul style="list-style-type: none"> -improved organizational effectiveness -improved management of R&D workforce -improved planning -cross functional coordination -increased product success -cost of innovation | <ul style="list-style-type: none"> -combination of personnel measures -employee/management satisfaction -planning procedures -perceived effectiveness of planning procedures -actual/perceived coordination -customer satisfaction -project training/development cost (staff salaries, contract cost, training hours per employee) | <ul style="list-style-type: none"> -all data sources -attitude survey -strategic planning documents -organizational charts -attitude survey -customer satisfaction surveys -demo project records -contract documents |

6. CONTEXT

| INTERVENTION | EXPECTED EFFECTS | MEASURES | DATA SOURCES |
|--------------------|---|--------------------------------------|--|
| a. Regionalization | -reduced servicing ratio/ cost | -HR servicing ratio | -workforce data/ personnel office data |
| | | -average cost per employee served | -workforce data/ personnel office data |
| | -no negative impact on service quality | -service quality, timeliness | -attitude survey/ focus groups |
| b. GPRA | -improved organizational performance | -other measures to be developed | -as established |

1 Appendix C. Performance Elements

2 All employees will be rated against at least the five generic
3 performance elements listed through "e" below. Technical
4 competence is a mandatory critical element. Other elements may be
5 identified as critical by agreement between the rater and the
6 employee. Generally, any performance element weighted 25 or higher
7 should be critical. However, only those employees whose duties
8 require manager/leader responsibilities will be rated on element
9 "f." Supervisors will be rated against an additional critical
10 performance element, listed at "g" below:

11 a. Technical Competence. Exhibits and maintains current
12 technical knowledge, skills, and abilities to produce timely and
13 quality work with the appropriate level of supervision. Makes
14 prompt, technically sound decisions and recommendations that add
15 value to mission priorities and needs. For appropriate career
16 paths, seeks and accepts developmental and/or special assignments.
17 Adaptive to technological change. (Weight range: 15 to 50)

18 b. Working Relationships. Accepts personal responsibility
19 for assigned tasks. Considerate of others' views and open to
20 compromise on areas of difference, if allowed by technology, scope,
21 budget, or direction. Exercises tact and diplomacy and maintains
22 effective relationships, particularly in immediate work environment
23 and teaming situations. Always willing to give assistance. Shows
24 appropriate respect and courtesy. (Weight Range: 5 to 50)

1 c. Communications. Provides or exchanges oral/written ideas
2 and information in a manner that is timely, accurate and cogent.
3 Listens effectively so that resultant actions show understanding of
4 what was said. Coordinates so that all relevant individuals and
5 functions are included in, and informed of, decisions and actions.
6 (Weight Range: 5 to 50)

7 d. Resource Management. Meets schedules and deadlines, and
8 accomplishes work in order of priority; generates and accepts new
9 ideas and methods for increasing work efficiency; effectively
10 utilizes and properly controls available resources; supports
11 organization's resource development and conservation goals. (Weight
12 Range: 15 to 50)

13 e. Customer Relations. Demonstrates care for customers
14 through respectful, courteous, reliable and conscientious actions.
15 Seeks out and develops solid working relationships with customers
16 to identify their needs, quantifies those needs, and develops
17 practical solutions. Keeps customer informed and prevents
18 surprises. Within the scope of job responsibility, seeks out and
19 develops new programs and/or reimbursable customer work. (Weight
20 Range: 10 to 50)

21 f. Management/Leadership. Actively furthers the mission of
22 the organization. As appropriate, participates in the development
23 and implementation of strategic and operational plans of the
24 organization. Develops and implements tactical plans.

1 Exercises leadership skills within the environment. Mentors junior
2 personnel in career development, technical competence, and
3 interpersonal skills. Exercises due responsibility of
4 technical/acquisition/organizational positions assigned to them.
5 (Weight Range: 0 to 50)

6 g. Supervision/EEQ. Works toward recruiting, developing,
7 motivating, and retaining quality team members; takes
8 timely/appropriate personnel actions, applies EEO/merit principles;
9 communicates mission and organizational goals; by example, creates
10 a positive, safe, and challenging work environment; distributes
work and empowers team members. (Weight Range: 15 to 50)